

WORKSESSION

CITY OF MANISTEE PLANNING COMMISSION

70 Maple Street, Manistee, Michigan 49660

Thursday, June 26, 2003

7:00 p.m. - Council Chambers, City Hall

AGENDA

The City of Manistee Planning Commission will hold a worksession on Thursday, June 26, 2003 at 7:00 p.m. in the Council Chambers, City Hall, 70 Maple Street, Manistee, Michigan.

- I Roll Call
- II Public Participation:
- III Unfinished Business and Reports:
 - 1. Zoning Amendment - Signs
 - 2. Top Notch Auto - Open Air Use
- IV New Business and Communications:
- V Adjourn.

MEMORANDUM

TO: Planning Commission Members

FROM: Denise Blakeslee, Secretary 
Community Development

DATE: June 18, 2003

RE: Worksession June 26, 2003

We will hold a Special Worksession on Thursday, June 26, 2003 at 7:00 p.m. This worksession is being held to allow time to review the two items that were postponed until the July 10, 2003 Planning Commission Meeting.

We have received additional information from Heller Signs and Amor Sign Studios regarding the proposed Zoning Amendment.

Top Notch Auto is having a survey prepared and will be submitting a site plan for the Planning Commission. With the time constraints they were unable to have everything prepared in time to be mailed. They are intending to bring their site plan to the Worksession for your review.

If you have any questions or are unable to attend the worksession please call me at 723-2558.

cc: City Manager

Attachments:	6/6/03	-	City of Manistee Newsletter
	6/10/03	-	City Council Worksession Agenda
	6/13/03	-	City of Manistee Newsletter
	6/17/03	-	City Council Meeting Agenda



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Manistee City Planning Commission
Board Members

Please give some thought to the following brief points prior to the work session.

- * The mission of the CVB is to 'do what it takes to make more people want to visit Manistee County'. Obviously the CVB is an organization of businesses that want to be profitable, but these are businesses that are an intricate part of what makes Manistee the Victorian Port City that it is. If such businesses thrive, so does the area in general.
- * I am sensitive to the desire to preserve the Victorian feel of Manistee. That is why the sign was designed in such a way as to try to capture more of a rustic or old world style rather than a more modern look. The use of electronic signs does not automatically negate that effect.
- * The use of an electronic message sign can keep the overall size of the sign smaller while effectively communicating the same message(s). For example, based on road frontage, a 220 sq ft pylon sign could have been installed on the CVB site. This would have allowed for several lines (perhaps as many as 8) of changeable copy marquee and ample space for the CVB to display Hotel, Fishing, Golf, Restaurant packages and so forth. Which is more esthetically pleasing, a sign roughly the size of Wesco's? Or the type of sign that is smaller in size, less obtrusive, with a message that does not flash or dance but simply scrolls a brief statement?
- * A comment was made during the meeting that 'this is not Grand Rapids'. While it's probably true that the community of Manistee does not want to compete with or be compared to larger cities, many of our visitors do indeed come from just such areas. Though they come here to relax, they still want their information now.

Thank you for giving consideration to these thoughts. I look forward to discussing these points further at the work session.

A handwritten signature in dark ink, appearing to read 'Sam', with a long, sweeping horizontal line extending to the left.

Manistee County Convention and Visitors Bureau opens doors

For more than five years, now, a group of staunch Manistee supporters have been hard at work, promoting the county's treasures to the outside world.

It has been a long journey, fraught with trials and tribulations, shaky beginnings and some very lean times. But through perseverance, and a devout belief that they were setting in place a golden future for everyone in Manistee County, the group succeeded in finding its "center," and from there, no boundaries are in sight.

So step inside the group's new doors, as some of them explain the goals and importance of their efforts, and see the Inside Story of the county's very own publicists, the Manistee County Convention and Visitors Bureau, or CVB, as it's affectionately known.

Many have been following along with the construction of the new CVB building at the corner of Cypress and First Street. And after a long wait, everyone involved can breathe just a little easier in the shadows of its completion. Even as we speak, it is open for business and ready to serve.

The mission is simple: do what it takes to make more people want to visit our county. It is in essence, if you'll excuse the analogy, the area's other hand in tourism, working alongside the Chamber of Commerce.

"The chamber sets the table; the CVB brings the people to dinner," said CVB Director Fred MacDonald. "We do things to make people come to Manistee County. The chamber does things to keep them here — and they do a very good job."

The Convention and Visitors Bureau does its part through a

special "bed tax" on county lodgings. It is not really a tax but, rather, a special assessment on hotels and motels, bed & breakfasts and the like with 10 or more units.

By state mandate an extra two percent is added to the sales tax in those establishments. That money then goes into the CVB's coffers, and is specifically delegated to promoting Manistee County. So in effect, the people we have brought in are actually paying us to bring more people in. Sounds to this writer like America at its finest.

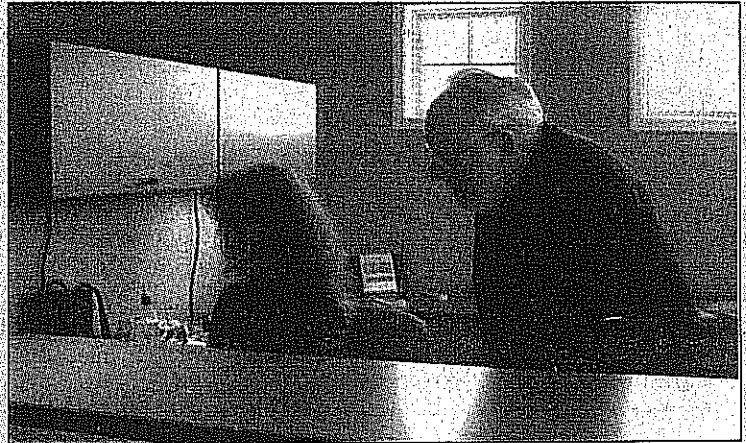
"That two percent amounts to a lot," said Barb Wolverton, owner of the Alpine Motor Lodge, associate member and chair of the CVB board. That's no exaggeration, with an annual budget of around \$200,000. But there is a catch. "It has to be spent effectively on marketing Manistee County," she explained.

That's a far cry from the organization's beginnings, according to Travelers Motel owner, and CVB associate member John Mattson. He should know, he's been involved with the whole deal since day one.

Back then, there was no organized movement to bring the outside world to this area. Several local motel owners — and Fred MacDonald — tried to get the ball rolling, but were thrown back at a number of turns.

One of the biggest things was that Filer Township had already established an assessment district, in its own attempt to attract visitors. Because of this, the group being organized couldn't, by law, petition for a county-wide institution. Rather, it had to be approved piece meal by governmental unit. Had any one of them said no, all bets would have been off.

Fortunately, through collaboration, the Filer Township CVB disbanded, and "happily" joined forces with the county-wide program. It was still touch and go for



The Convention and Visitors Bureau, or CVB, is maintained by a coalition of businesses, or associate members. A state-mandated two percent sales tax assessment paid by motel patrons funds the operation. A board made up of involved business owners sets agency policy, but day-to-day operations are managed by two people, CVB Director Fred MacDonald, and receptionist Evelyn Sexton.

a while, with a scant membership and few funds. Over time, its membership grew to include not only motels, but golf courses, banks and other touristy locations as well, together becoming a powerful force of about 60 associate memberships.

"It's become a huge entity," Mattson said. "It's totally great for this area."

Wolverton agrees. "The more we can sell Manistee to the outside world, the better our bottom dollar will be," she said.

With its backing, the CVB is covering some extensive ground, attending outdoor and home shows in places like Chicago and the Indiana area. The organization is right now testing the waters of the Cincinnati region. It also works with AAA and magazines that promote state tourism, in addition to publishing a visitor's guide, a lodging guide and coupon books.

It has come a long way from its "meager" beginnings, and probably wouldn't have amounted to much at all, had it not been for

the tenacity of MacDonald.

"It's due to the fact that Fred did not want to stop," Mattson said. "Fred has been the driving force behind getting this going, and keeping it pushing forward."

"I think I can honestly say if it had not been for Fred, this wouldn't have happened."

"Fred has been wonderful for Manistee County," Wolverton added.

For MacDonald, all that really matters is that Manistee County flourish, and hopes to be a part of it through the CVB.

"We expect it to get going, and be a positive economic impact on the businesses of Manistee County," he said. "That's what we're about."

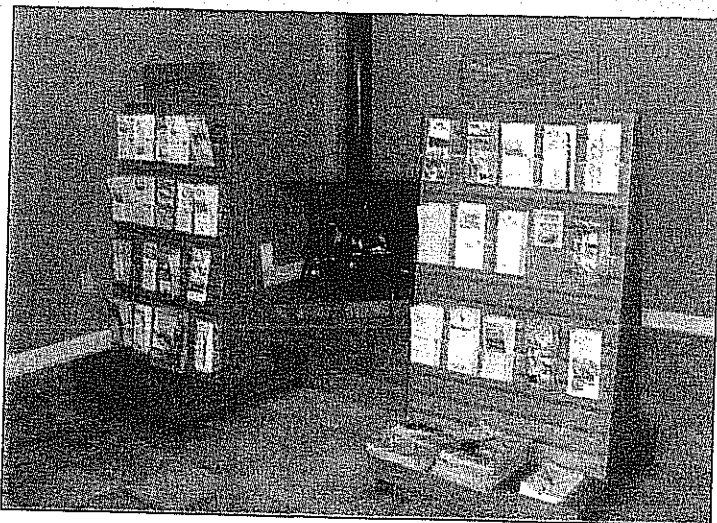
Now that the center is here and in place, the membership can focus on other issues, like marketing the off season. The casino has been a big help in that, members say, but there is still a ways to go.

"The most important thing is to make people aware of what a beautiful place this is," Wolverton said.



After a long wait, the Manistee County Convention and Visitors Bureau has a home of its own, on the corner of U.S. 31 and First Street in Manistee. It is not the Chamber of Commerce but, rather, more of a sister agency, meant to entice people from every corner to visit our fine county.

Welcome!



A warm, inviting setting for visitors, the CVB offers brochures of all the businesses within the county-wide association. There's still a little bit to do inside, tying up loose ends and all, but enough is in place to have it up and running, just in time for our summer guests.



Everything in the CVB building is new, greeting visitors with a warm and friendly atmosphere, including this tile lighthouse set into the floor. Here, Fred and Evelyn test out the comfort of the chairs in the lounge.



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To: Manistee Planning Commission

From: Tom Amor

Date: June 17, 2003

Memo

Re: Additional articles for review in consideration of sign zoning amendment

At the first meeting we passed out two articles. The first was about Variable Message Signs and focused on the historical development of variable message signs and the flexibility that changing technology offers business owners. The second was about On-Premise Sign Regulation and focused on First Amendment protections for commercial speech and on court cases which ruled that Variable Message Signs are NOT detrimental to traffic safety.

The two attached articles focus on the economic value of signs, both for the business and for the community. Communities thrive when businesses thrive, and there is no cost-effective replacement for effective on-premise advertising. In a tourist area like Manistee, a business owner may have only one chance to communicate with a passing motorist. Their survival and success depends on the ability to attract the potential customers driving in front of their store.

Likewise, success for a community depends on the ability to attract and keep successful businesses. Successful businesses will pay a premium in taxes for the right to sell goods and services in commercial districts. When they succeed, businesses add employees and make charitable contributions to all kinds of community organizations from youth groups to senior groups as well as festivals, museums, and theaters. Successful communities attract successful businesses.

Please take the time to read these four articles. Many overly restrictive sign codes were developed without giving proper consideration to the valid points brought out in these articles. Successful communities depend on successful businesses. Successful businesses depend on signs and successful sign ordinances.

SIGNLINE

ISSUE THIRTY-EIGHT

2002

The Value of Signs for Your Business

For centuries, commercial signage has existed as the primary method by which one person communicates a prospective business transaction to another. Place-based communication devices and graphic systems ("signage") have evolved in response to culture and technology, but as this process of change and expansion of the medium of signage has occurred, it has never strayed from its original purpose: communication, or, in terms of the U.S. Constitution, speech.

Evolving in Response to Culture and Technology

A brief overview of the convergence of the automobile and three specific technologies in the 1920s and 1930s – electricity, plastic, and neon – and how these inventions over time altered, and were altered by, communication needs establishes some essential context in which to understand the value signs bring to a business.

The automobile was one of the most influential inventions of all time, and entirely changed the American lifestyle. At the end of the 1920s, the number of automobiles in the country was already nearly equal to the number of families. Road construction, the oil industry, and the suburban housing boom that resulted from this new mobility worked to greatly increase the prosperity of the average American, in turn creating greater demand for consumer goods.

The mobile and fast-paced American consumer increasingly demanded economy, convenience, and comfort. Gasoline service stations and the fast food industry began to emerge. An exceptionally efficient and diverse transportation system was developed, bringing down distribution costs.

Note: Signs are so common in our society that their advantages are all too often discounted, both by sign users and by regulators. This is the second of a two-part special Signline report. This report examines the value of signs to the user, looking specifically at the value of signage to a business. The first issue looked at the value of signage to a city, in promoting street smart planning and sound fiscal health.

Plastics were the subject of a frenzy of excitement and development during the 1920s and 1930s and as a result, a wide variety of low-cost consumer goods were suddenly within reach of most Americans. Rural electrification in the 1930s further stimulated consumerism as more Americans were freed from the drudgery of manual labor at home.

During this time of rapid cultural change and evolving consumerism, signage began to change. It was no longer sufficient to have a hand-painted wooden sign marking your business location; with all these new consumers – and new competition – businesses quickly learned that an attractive illuminated, auto-oriented sign was the best way to stand out in a crowd.

The first electrical illuminated signs were made of metal, wood, or colored porcelain enamel and often were framed with incandescent bulbs. But in the 1930s, the new technology of cold-cathode "neon" lighting came into vogue for signage. The custom capabilities of neon lighting meant it adapted well to the changing culture. It was first used by entertainment businesses; it then was used extensively as an Art Deco design element; and after World War II it took on a new personality, at first decorating drive-ins and diners, and soon enhancing the communication of all kinds of businesses. Of

course, it was well-utilized in Las Vegas during this period, and continues to be prominent there today.

Acrylic resins were developed for use in signs in the 1930s, but plastic signs did not become prominent until the 1950s. In the late 1950s and into the 1960s, inexpensive colorful plastic signs replaced the durable older porcelain and metal signs, which required a larger initial investment. Not only did the signs save businesses money, but also consumers, who were infatuated with inexpensive disposable goods, found them attractive and stylish. Over time, many forms of entertainment media developed; in response, the sign industry began to utilize technology enabling it to print magazine-quality pictures on plastic signs.

Signs have continued to respond to cultural changes; as the culture has become more entertainment-oriented and technologically savvy, signs have become more interactive and sophisticated in order to continue to attract attention and communicate their message. The electronic message centers that displayed time and temperature information in the 1960s and 1970s have evolved into electronic video screens that are computer controlled, capable of withstanding extremes of weather, and offer picture quality that rivals big screen televisions.

Today, sign-building materials have expanded beyond plastic, wood, metal, and neon, to include a whole host of materials, each suited to communicate specific kinds of messages to specific groups of potential customers. A wide range of lighting devices, including incandescent lamps, neon, and fluorescent lamps, to name a few, form a critical part of modern commercial communication,

and their use is carefully tailored to effectively communicate with potential customers.

The Most Effective Forms of Signage

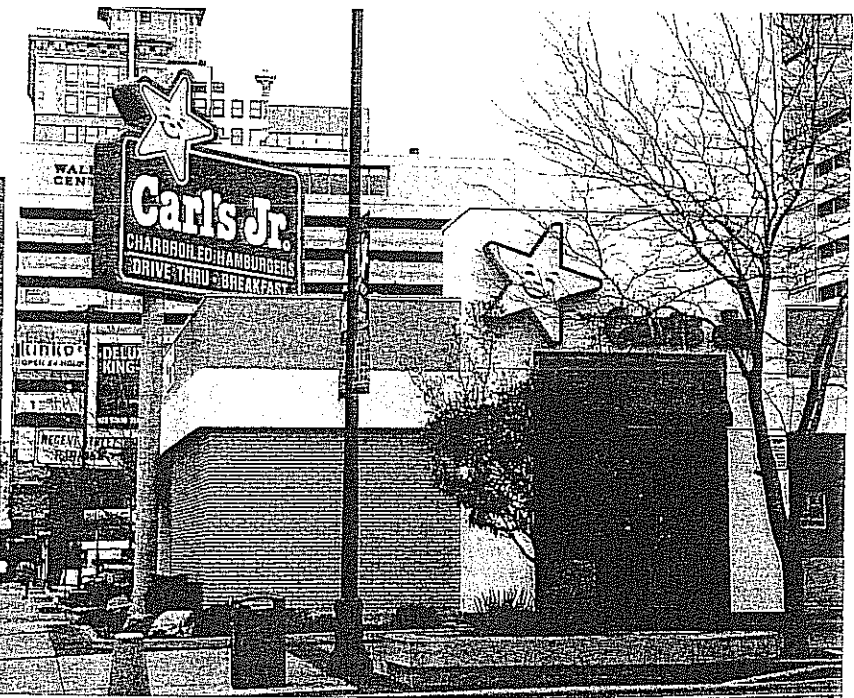
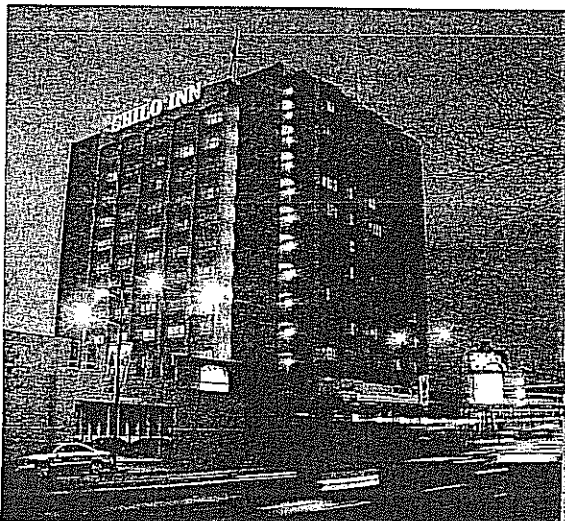
Possibly the most effective forms of business signage ever developed, however, have been the signature building and sign centric integrated site design.

The signature building is a form of signage that was initially mastered by the gasoline service stations and fast food restaurants. Taking their cues from the successes of Las Vegas, with its use of a thin skin of signage covering an entire building, and from the outdoor advertising industry, with its emphasis on repetition of an identical image at various locations throughout an area to build and reinforce memory, companies learned to turn each business site into an instantly recognized visual display that looks nearly identical to every other site in the chain. This all-over site design functions exactly like a billboard, with each site helping build and reinforce memory of the brand.

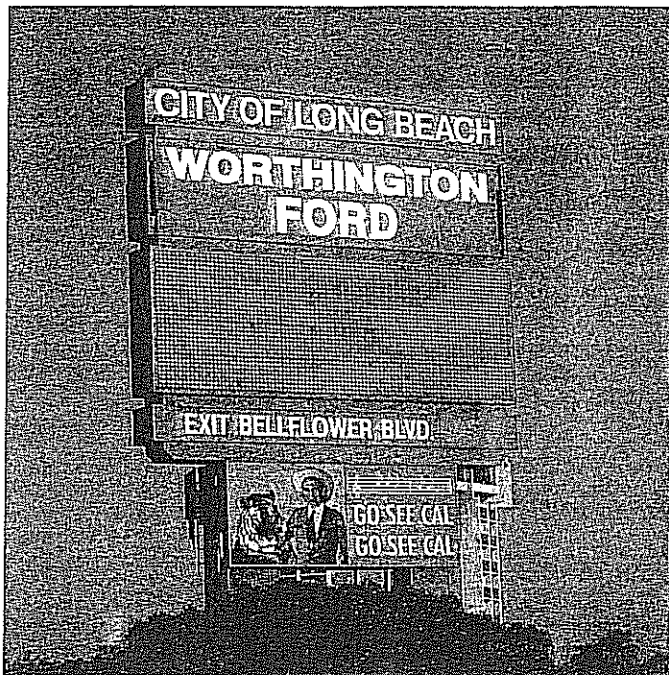
Sign centric design, in which the design of the signage, both ground- and building-mounted, is tied to the design of the building itself, works in much the same way.

These two forms of signage, especially when coordinated with national multi-media advertising, allow the businesses that utilize them to bring in 15% to 40% more in gross income than their unaffiliated counterparts, all other things being equal. This has worked for the benefit

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of the consumer, because the businesses utilizing signature buildings and sign centric design have been able to be more competitive by reducing prices.

Fortunes have been built on this concept through the creation of the business form franchise, including such well-known brands as Best Western Motels, Midas Muffler, and Century 21. These businesses, each independently owned and operated, have an integrated signage package and business plan that ties the business in to a national advertising program. Their logo and slogans are repeated in all their advertising. Often, their business is the first one a person thinks of when looking for a place to buy the particular product or service offered there. So powerful is this integrated signage that the independent businesses that utilize it can experience increases in income rivaling those experienced by chains, corporations and business product franchises.

How can we say the signature building and the use of sign centric design are the most effective forms of business signage? The reason is simple. The purpose of business signage is to communicate a message. When people are "receiving" the message, they respond. No form of commercial signage elicits a response like the all-over site design of the signature building or sign centric design. The increase in business revenue that results from this integrated signage is an irrefutable indicator of its effectiveness.

Signs Provide Marketplace Entry

Clearly, the chains, corporations, and franchises that utilize these powerful forms of signage, tied in to national advertising campaigns, have a tremendous advantage. How can "mom and pop" compete with such an advantage? What will grant the small business owner entry to the American marketplace?

The answer is simple: the on-premise sign. It is the least expensive, most effective form of advertising available to the small business. In its most basic form, it has been shown to be responsible for bringing in as many as half of all new customers, though 25% is more likely to be the case. When it is designed as part of an overall site motif, and tied in with other forms of advertising, its benefits to the bottom line can be even more substantial.

Signs open the doors of a community to all and allow all to participate in the economic activity going on there. Half of all first time customers will stop because they saw the on-premise sign. The sign allows any American who wants to open a business, no matter who they are, to effectively compete with a wealthy or well-connected business owner. Furthermore, the sign tells everyone who sees it that they are welcome to come inside and conduct a business transaction.

Sometimes a business owner dismisses the value of a sign because he or she believes that "everybody knows me." But this ignores an important truth about our culture: that not only are we a mobile society, but we are to some degree a portable society. Fully 18.6% of our populace relocates each year – and that figure does not account for the number of people who change jobs each year and no longer commute to a particular trade area. This means theoretically that almost 20% of a business's customers must be replaced each year as they move away.

Measuring the Value of a Sign

Without a doubt, signs benefit society. They allow businesses to better meet the needs of the consumer, both by creating a pleasing cultural environment and by increasing sales so that prices can be reduced. They also open society so all Americans have an equal opportunity to participate. This makes signage very valuable. But how is that value measured and quantified? It all comes back to the essence of signage: communication.

The value of a sign can be measured in three basic ways. The first method determines the how many people the signs message reaches, and the cost to replace those exposures of the commercial message in other

advertising media. The second is based on comparisons in market value to similar business sites with and without good visibility to the street. And the third method determines how many customers have stopped at the business because they saw the sign, and what percentage of their purchases is profit for the business. These three

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methods for estimating value are described in more detail below. Valuation and evaluation techniques and estimates can vary depending on specific assignments; these brief descriptions are not intended to demonstrate the entire range of techniques or methods that can be utilized when estimating value.

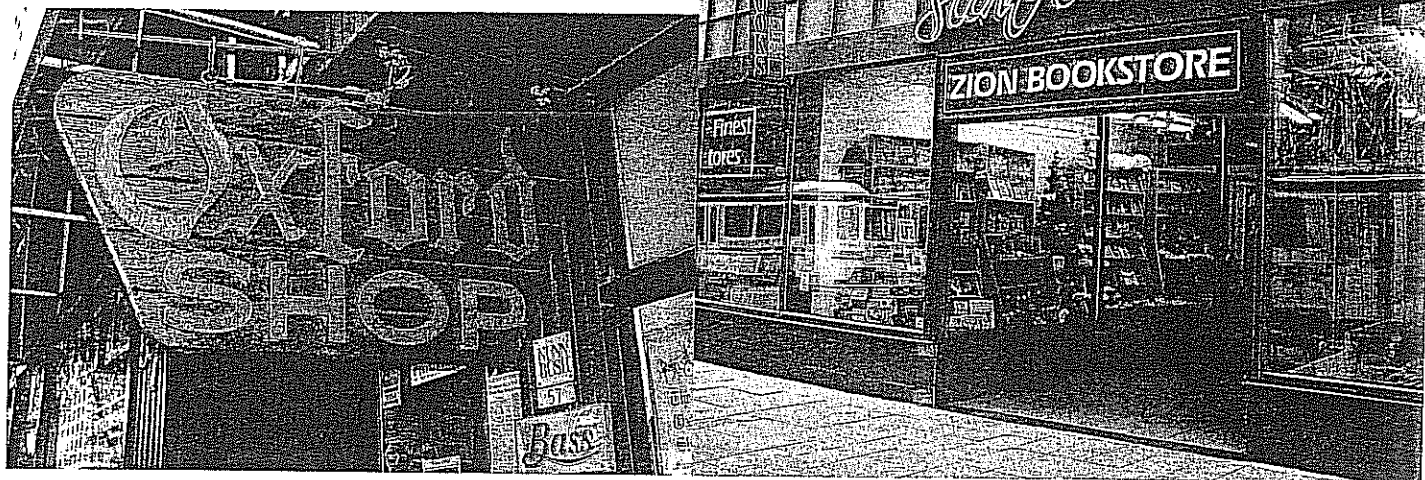
Estimating the Cost to Replace the Exposures

In advertising terms, each person who sees a sign (or other advertisement, for that matter), constitutes one

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“exposure” to the sign (or advertisement). The number of exposures generated by a sign is calculated using a careful and systematic process.

First, an average 24-hour (daily) traffic count must be determined. This is then multiplied times 30 to establish a monthly count. This is the number of cars that drive past the business during the typical standard advertising month. But not every car will have just one person riding in it, so the calculation must be adjusted for “load factors” that include whether the area is rural, incorporated, or unincorporated, for example. A

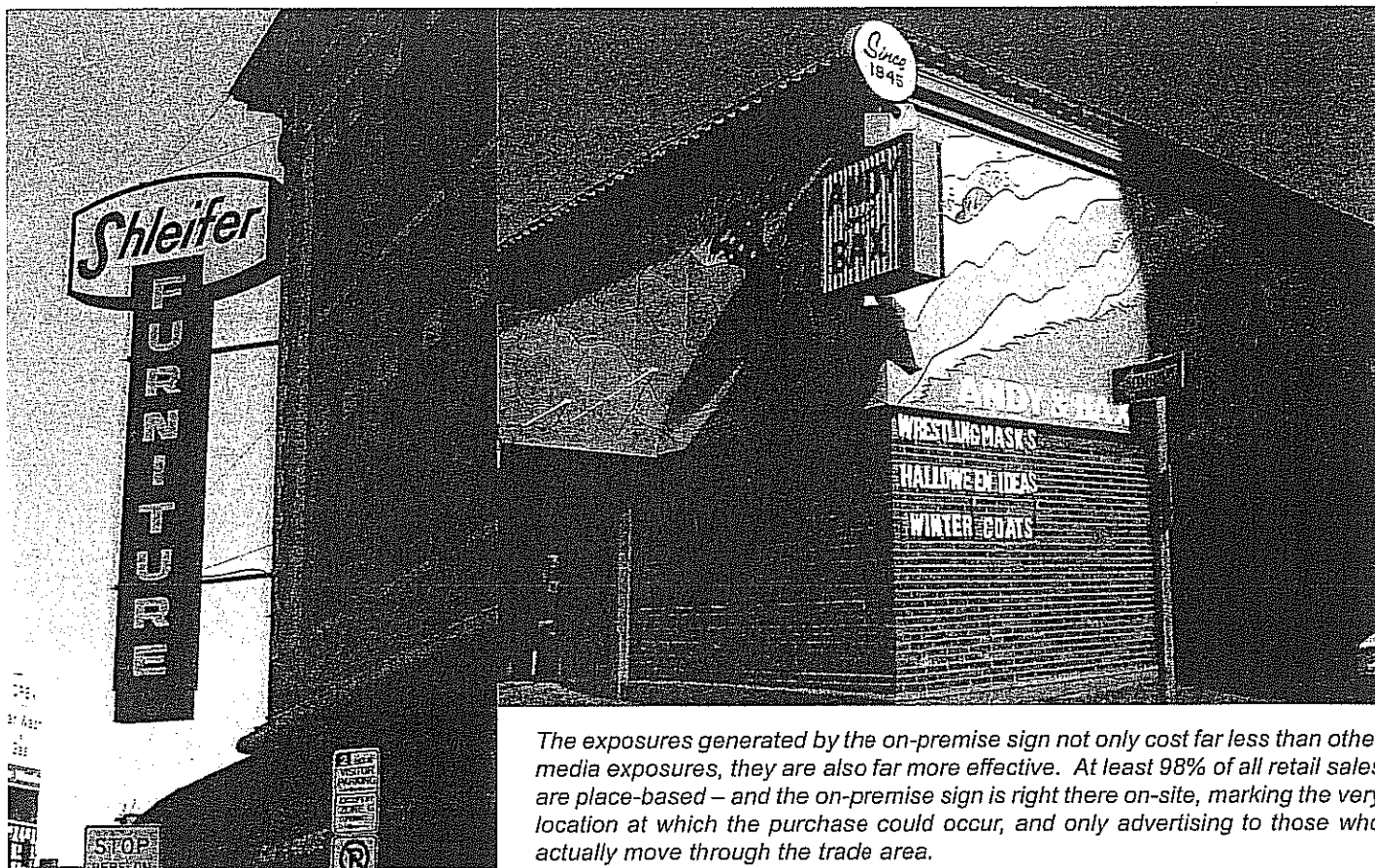
conservative passenger “load factor” multiplier in an urban setting is 1.43.

A certain percentage, but not all, of the people passing can be expected to be potential customers. If the business is a veterinary clinic, for example, the calculation should be adjusted by the percentage of people passing who own one or more pets – a figure generally available from the industry itself. Other factors that may require adjustment of the figure include hours of business operation and seasonal traffic variations. The final figure is the number of “exposures” generated by the on-premise sign and the

TYPICAL COST PER 1000 CONSUMER EXPOSURES COMPARISON

Assumptions	Television	Newspaper	Outdoor Advertising	On-Premise Sign
Trade Area	40,000 households	Circulation of 40,000 households	333,350 cars per day	30,000 cars per day
Consumer Exposures (30 days)	1.25 million	4.75 million	10 million	900,000
Consumer Exposures in Thousands	1,250	4,750	10,000	900
Cost	\$16,500	\$16,500	\$16,500	\$274*
Formula	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures
Calculations	$\$16,500 \div 1,250$	$\$16,500 \div 4,750$	$\$16,500 \div 10,000$	$\$274 \div 900$
Cost per 1000 Exposures	\$6.60	\$1.56	\$0.82	\$0.30

*Although the initial cost of the sign is \$16,500, this cost is adjusted to account for a seven year depreciation period and the addition of 10% for finance charges and maintenance costs. This works out to a cost of \$274 for each 30-day period. Obviously, signs have a useful life far beyond a seven year period.



The exposures generated by the on-premise sign not only cost far less than other media exposures, they are also far more effective. At least 98% of all retail sales are place-based – and the on-premise sign is right there on-site, marking the very location at which the purchase could occur, and only advertising to those who actually move through the trade area.

number of “exposures” the business would need to replace if it no longer could have its on-premise sign.

Next, one would need to determine how much advertising in other media would need to be bought in order to obtain the same number of effective consumer exposures. The chart on the previous page shows a typical cost comparison of various media costs. It assumes an expenditure of \$16,500 on a sign and compares the exposure value to a similar investment in a range of other media, including television, newspaper, and outdoor advertising.

The exposures generated by the on-premise sign not only cost far less than other media exposures, they are also far more effective. At least 98% of all retail sales are place-based – and the on-premise sign is right there on-site, marking the very location at which the purchase could occur, and only advertising to those who actually move through the trade area. Other forms of media have a high waste factor, advertising to people who are far outside a business’s trade area.

Estimating Value by Looking to the Market for Cost Comparisons

Another method of estimating the value of the exposures generated by a sign is to compare the lease or rent cost

per square foot of high-exposure commercial property to that of low-exposure, or no-exposure commercial property in the same town as the subject sign. The market is nearly always willing to pay a significantly higher lease or rent for a high-visibility site because higher visibility means more customers. Sites that are more exposed typically rent for more than sites with poor exposure. A sign allows a less visible site to function as a high exposure site.

The value of the visibility component of a retail site can be estimated by conducting a survey of rental or lease figures per square foot for a number of commercial sites, and then determining the square foot rental differences between the sites based on their visibility. This provides the most basic element needed to estimate the contributory value of the visibility component of a commercial site. It is not unusual for a highly visible commercial site to lease for 20% to 25% more per square foot than one with low or no visibility in the same complex.

The next step is to determine how much money the business owner would need to invest to generate interest income equivalent to the value of the site’s visibility component. This is done by dividing the annual dollar value of the visibility component of the site by the percentage of interest that would be earned on the investment. For example, if the visibility component of

the business was worth \$20,000 per year, an investment of \$250,000 offering an 8% return would be needed to generate \$20,000 in interest each year. Therefore, the value of a sign that would make the subject low-visibility site into a high-visibility site would be worth \$250,000 – even if the sign only cost \$10,000 to build.

Estimating Value by Tracing Revenues Attributable to the Sign

This method of estimating the value of a sign involves establishing the percentage of business revenues traceable to customers or clients who entered the business solely because they saw the sign. Many business owners have a fairly good idea how many customers they have in a given period of time and the average sale per customer. Several valuation techniques can be employed to help trace those business revenues. After that determination, these figures can be analyzed to determine the average amount of profit per customer.

A representative sample survey may be taken to estimate how the business's customers first learned of the business and what prompted the first-time customer or client to stop – word-of-mouth, the Yellow Pages, a radio or television advertisement, a print advertisement or coupon, or the on-premise sign. The number of customers directly attributable to the sign is then multiplied by the average profit per customer to determine the income loss that would occur without the sign. Finally, this figure is adjusted to determine the amount of the investment that would be needed to replace the lost income.

For example, assume an average sale at a pizza parlor is \$12 per customer, of which \$3 is profit. The pizza parlor has 70 customers on average per day, and profits \$75,600

More prominently located retail sites in a shopping center command higher rents because their greater visibility is proven to attract significantly more business. An on-premise sign functions in the same way, making the business visible to passing traffic. A prominent sign can turn an unproductive or low-visibility piece of property into successful - and valuable - commercial real estate. This commercial site is not itself visible from the street above it, but the on-premise sign at the edge of the road makes the business below "visible" to passing traffic.



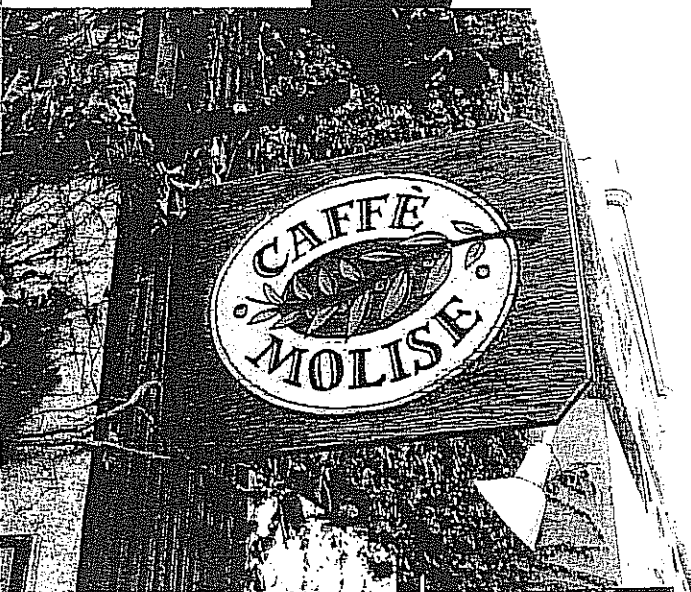
per year. The survey shows that 25% of its customers stopped solely because they noticed the sign. The profit directly attributable to the sign, then, is \$18,900 per year. An investment of \$236,250 offering an 8% return would be needed to generate \$18,900 in interest each year to replace the income lost by the sign.

No Cost-Effective Replacement for Signage Exists

Today's businesses have many ways to reach potential consumers with their message: network television, cable television, satellite television, the Internet, direct mail, radio, sports and event sponsorships, outdoor advertising, newspaper and magazine advertising, licensed merchandise, telemarketing – the list goes on and on. Commercial speech is growing so rapidly, and has experienced so many different permutations, that it is more difficult than ever for the average business to select a feasible and reasonably priced alternative from the available options, and to effectively market or advertise to its entire trade area.

It is signage – place-based communication – that can most effectively and affordably help a business tie its other forms of advertising together, and communicate to its target audience (those actually moving through its trade area). In fact, without a sign to identify a business location, the money spent on other media is largely wasted. It is no exaggeration to say that the part signage plays is significant enough that it can determine whether or not a business is successful. This important role has spurred an incredible evolution in the sign industry, ensuring the availability of attractive, interesting communication options to suit the communication needs of any business at a price that business can afford.

Without a sign to identify a business location, the money spent on other media is largely wasted. It is no exaggeration to say that the part signage plays is significant enough that it can determine whether or not a business is successful.



Several legal issues are discussed throughout ISA's Signline series. Signline is offered for educational and informational purposes only and not to be construed as giving legal advice to any user. Competent legal advice/advisors should be sought after and obtained by the user.

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The Value of Signs for Your Community

Each year in America, an average of nearly \$2,000 per person is spent on advertising and marketing. That amount totals \$500 billion of America's \$10 trillion economy. With a little effort, a municipality can learn to tap into this wealth of communication to help its businesses, its citizens, and its own treasury.

Signs of all kinds are the primary means available for the retail business to communicate with the public. Signage is the most cost-effective way for a business to get noticed and, to a large degree, what enables it to compete for customers and be successful. The on-premise business sign is essential in helping the independent business owner compete against the mass media advertising of national corporations.

How Business Success Translates into Municipal Fiscal Health

Numerous commercial appraisal studies have shown that properly designed, sized and placed signage can significantly increase a business's volume. An effective sign can increase sales volume by 25%, or even as much as 65%. Once a business generates enough revenue to cover its fixed overhead costs, subsequent sales contribute to potential profit. Increased sales volume and profitability allows the business owner to hire more employees and to finance additional inventory, thus expanding purchasing choices for consumers. This draws more business activity into the area, which helps surrounding businesses as well.

Financial success for community businesses translates into increased tax revenue. It is no small matter: municipal revenue sources can increase by several percentage points when businesses have the

Note: This is the first part of a two-part special Signline report on the value of signs. In this issue we will look at the value of signage to a city, both in promoting street smart planning and in ensuring sound fiscal health. Our second report will examine the value of signs to the user, looking specifically at the various methods for determining its communicative value to a business.

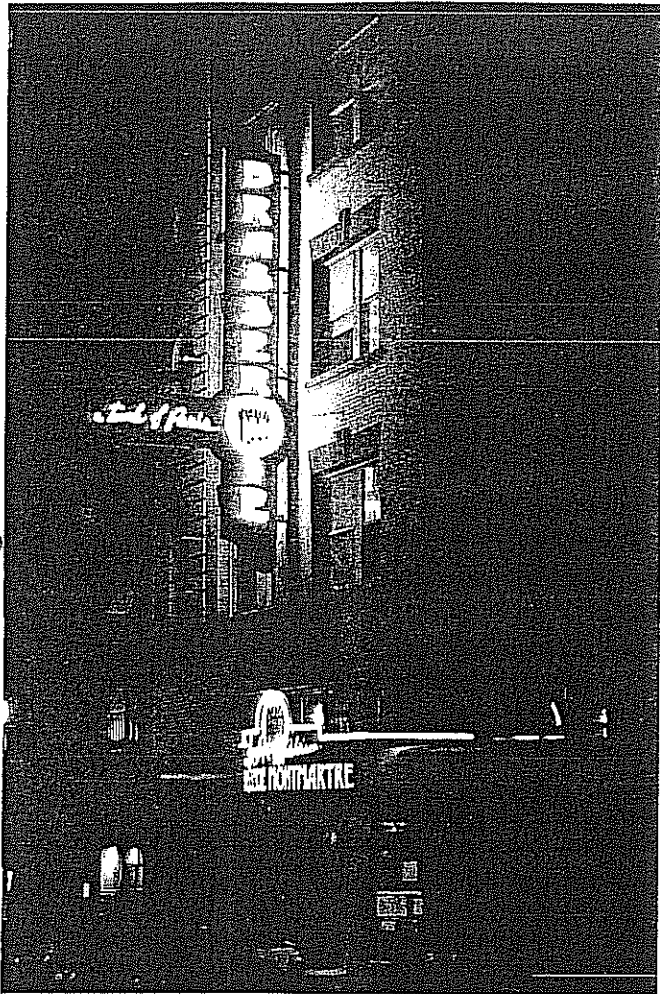
flexibility to optimize their place-based communication system.

A common governmental revenue source is state and/or local business sales taxes. It is not uncommon for municipalities to either retain 20% to 35% locally from state mandated business sales taxes, or receive similar amounts returned through state revenue sharing. Local governments that gain revenue from sales taxes directly gain from increased business volume.

A second common source of local government revenue is tax on tangible property, which includes real property, personal property, and inventory. Real property tax is calculated as a percentage of the market value of the property. The federal government requires that property value for financial purposes be established after analyzing replacement cost, market value and income generation.

The income generation will always be the highest value for a successful business, and market value will tend to rise to equal it. Where the income value is low, market value will tend to drop as well, and may even drop below replacement value. Because real property value for tax purposes is based on market value, which in turn depends on income, the income generated by a business has a tremendous impact on property tax receipts.

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Allowing well-lit signs at night is an important revenue-raising tool for a city. Permitting a city's businesses to remain bright and inviting after dark can bring additional people into the commercial district after dark and turn a dark zone into a revenue zone.

A similar direct relationship exists for personal property and inventory. Successful businesses tend to add personal property and increase inventories, while struggling businesses refrain from increasing personal property and shrink their inventories. Again, property tax receipts are directly affected by the profitability of businesses.

In states that charge a business income tax, financial success for community businesses translates into increased tax revenue because business income taxes are based on the business's net profits, rather than on its gross revenues. Sales volume must reach a point at which the business's costs are covered before it becomes profitable. Once it reaches that point, every additional sale generates income tax revenue for use by the local government.

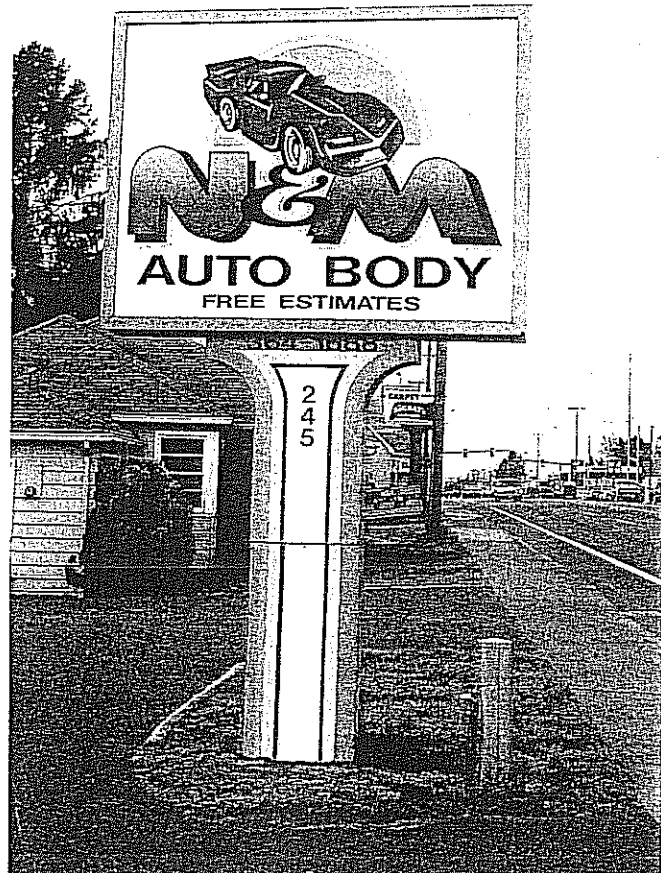
In most communities, businesses pay significantly more in taxes than they consume in services. Every dollar contributed through taxes on retail activity is more valuable to the community as a whole than most other

tax revenue. Furthermore, successful retailers tend to draw customers from outside the local community, thus increasing local revenues at no cost to the community. This revenue serves to relieve the tax burden on individuals and families. Healthy businesses provide valuable revenue sources to communities; hence, helping business to succeed helps communities to triumph and prosper.

The Importance of Illuminated Signs

The majority of our economy and daily life revolves around work or schooling during daylight hours. As a result, significant retail volume occurs late in the day, either in the late afternoon or evening. In North America, that means a substantial amount of retail activity for a good part of the year occurs when it is dark outside. In other words, a business's success for more than half of each year depends upon its ability to communicate with potential customers using illuminated signage.

In order to succeed, a business must be able to communicate its message effectively and credibly to the potential consumer. Consumers vote for "good" and "bad" commercial messages by responding to those that communicate effectively and ignoring those that do not.



A community that restricts illuminated signage effectively forces retailers toward marginal performance and failure. In some market sectors, such as value-oriented motels and fine dining, the total dependence on business volume at this time of day means that lighting restrictions can cause almost instant failure of the business.

These lighting restrictions also result in negative social consequences. First, they censor speech that is protected by the First Amendment during an important period of time. Second, they make retailing accessible only to those who do not work, attend school, or sleep during daylight hours. These consequences work against efforts to make communities inclusive.

Making the Most of Commercial Aesthetics

Laws geared toward addressing aesthetic issues must be written with a sense of the purpose within the zone being regulated. If a city hopes to make the most of the land it has zoned for retail use, residential aesthetics (that more peaceful visual appearance we want surrounding us where we live) should never be applied to the retail district. Small quiet signs would fail to stimulate economic activity in a commercial zone for the same reason that large, stimulating graphics would be jarring in a residential zone: aesthetics are closely linked with activities.

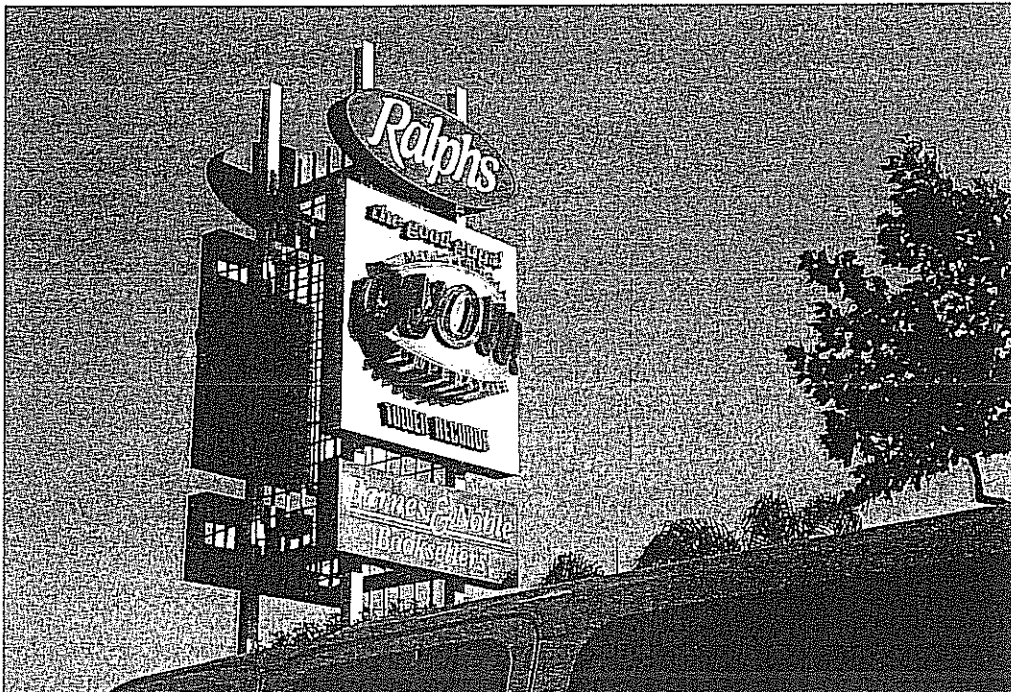
Appropriate aesthetics for economically vital zones include a balance of vibrancy and orderliness,

attractiveness and excitement that enhances retail activity, rather than stifling it. It does not call for the interference of a regulator's personal tastes. Businesses should be allowed to use materials, fonts, colors, and other embellishments they believe will quickly express their unique message to potential customers. The reality of the market is that businesses *must* appeal to the consumer if they are to survive. Consumers express their aesthetic preferences by frequenting the stores that communicate effectively with them; thus, the market reinforces "good" commercial aesthetics and the market rejects "bad" commercial aesthetics.

Signs for Safety

Perhaps no myth about signs has enjoyed a greater level of acceptance than the myth that business signs cause traffic accidents. Common sense alone tells us that a sign marking a destination, which is large enough and conspicuous enough to be easily seen by the person wishing to go to that destination, would not be dangerous. The true facts are that a readable and conspicuous sign actually helps prevent that dangerous last minute dash across lanes of traffic to turn into a parking lot, or that increased frustration of having to make a U-turn or go around the block and come back to the desired business location.

Business signs are in many ways part of the community's primary wayfinding system, serving as landmarks and key visual clues to help people navigate through a city. By forcing business signs to be small and inconspicuous, too many cities are inadvertently endangering the public, rather than enhancing the public's safety.



When the traffic along a commercial street moves quickly, or occupies multiple lanes, or when the street is zoned for impulse selling, business signs must be allowed to be taller and larger in order to allow drivers to read them and respond to them safely. Drivers traveling in an inside lane need to be able to see the sign over the top of the vehicle next to them. If the sign cannot be read in time, drivers can be forced to make unsafe maneuvers through traffic, try to turn around and go back to the desired business, or skip that business altogether and look for another one further down the road that will serve their needs. None of these responses is beneficial to the community, to the person intending to spend money in that community, or to the businesses located there.

Ironically, many of the cities that have strict limits on business sign size, ostensibly as a way to “enhance public safety” by limiting “driver distractions,” also use mobile outdoor advertising on public property (i.e. buses, light rail trains, streetcars, and bus shelters) as a revenue-raising method. If the argument that signs can cause traffic accidents had any validity – which it does not – this kind of outdoor advertising would be far more distracting for drivers than standard outdoor advertising because it is often located directly in the driver’s field of vision. Further, if signage caused accidents, then traffic engineers and state departments of transportation would be working to prohibit all of the signage routinely displayed on trucks and other commercial vehicles.

The tall, roomy signs with large letters that are used by the federal government on the primary and interstate highway system were designed based on scrupulous scientific research specifically to enhance the safety of the public. These optimally readable and conspicuous signs are mandated in the Manual on Uniform Traffic Control Devices, which functions as a national sign code and is enforced by the U.S. Federal Highway Administration.

For the same reasons recognized by the federal government, business signs – which are part of a city’s primary wayfinding system – must be easy to read and easy to see in order to safely and efficiently guide passing motorists off the road and to the business. Signs that are hard to see and/or hard to read can cause a driver to miss an intended stop or even make an inappropriate or unsafe driving maneuver.

Business signs enhance public safety in another important way – by lighting commercial areas at night. Dark space is dangerous space in a city. But when a street is well-lit and has an active appearance at night, criminal activity is reduced and people feel safer. Commercial signs enhance and subsidize the publicly-funded street lighting system.

Tying the Community Together

In many ways, signs also function as a community bulletin board. They post information adjacent to the roadway system where people who are interested can see it and respond.

An applied example of the community bulletin board is the “Amber Emergency Alert System” that is gaining wide acceptance in cities and states across the nation. Amber Alert is a communication program that functions as a system-wide “neighborhood watch” or “emergency broadcast” program when a child is abducted and is in imminent danger. The program involves law enforcement, radio and television media, and electronic variable message centers located along the highway system, as well as privately owned signage systems within communities. Pertinent information about the abduction is posted throughout the “system” as quickly

The business sign epitomizes equal access in two ways: first, the on-premise sign gives every American who wants to enter the marketplace a chance to compete; and second, the on-premise sign equally welcomes all who see it to come in and participate in the commercial activity available at the business.

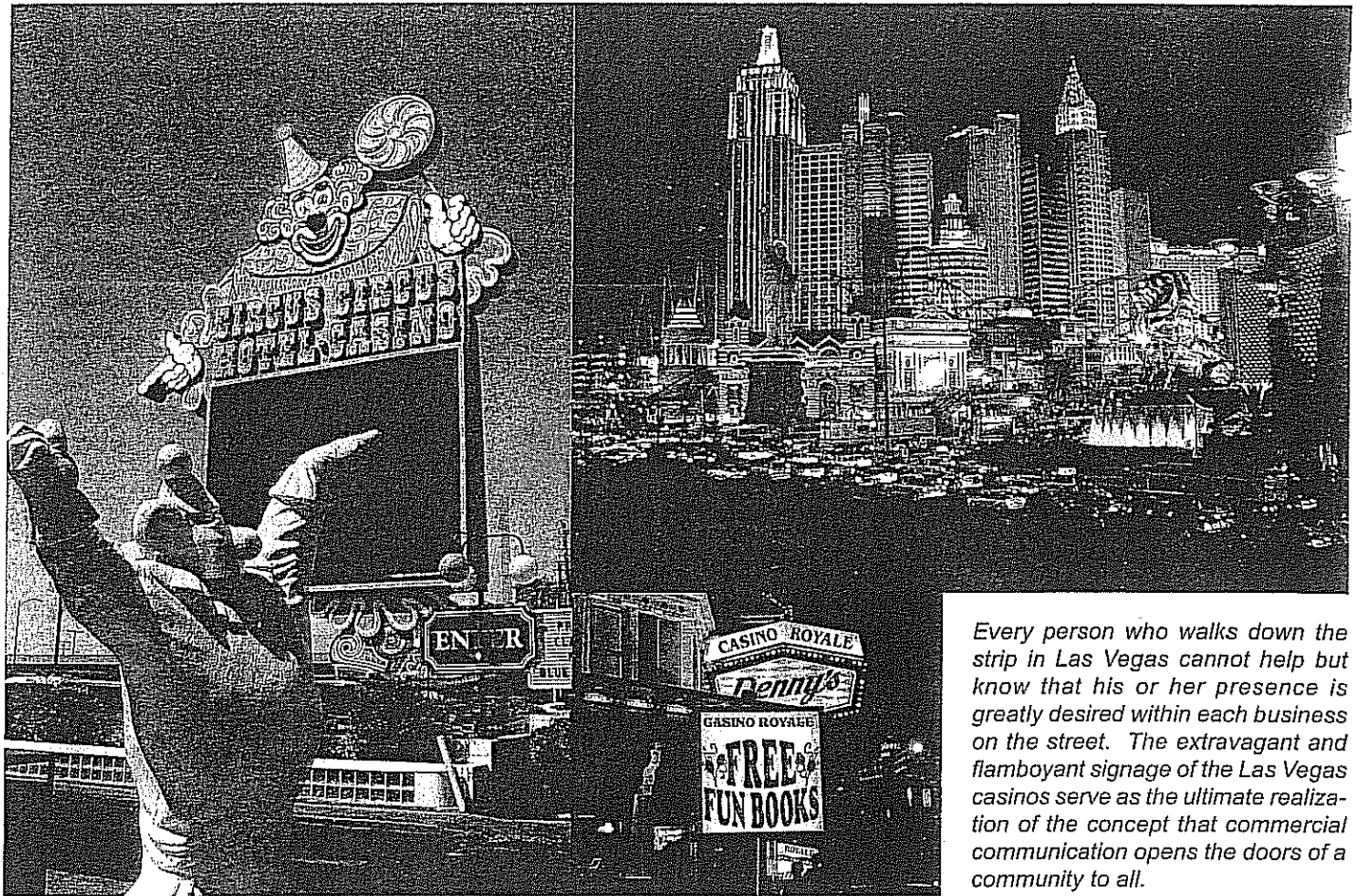
as possible to help provide details to enlist the help of members of the community in tracking down abductors within the first critical hours of the abduction.

Another recent example of signage functioning as community bulletin boards occurred when huge numbers of businesses helped unify the country after the September 11 attacks by posting patriotic messages that stirred and uplifted the spirits of their communities.

Although commercial signs generally offer a business transaction, many businesses use their on-premise signs to express personal messages to their communities. Some use their signs to show support for a local sports team; others will post political messages; still others put up funny or insightful quotations. All of these messages are ways the businesses let the public know that they care about their community and have a vested interest in its well-being.

Signs Foster a Pluralistic, Open Society

Great effort is undertaken in this country to assure that all Americans have equal access and opportunity. It is



Every person who walks down the strip in Las Vegas cannot help but know that his or her presence is greatly desired within each business on the street. The extravagant and flamboyant signage of the Las Vegas casinos serve as the ultimate realization of the concept that commercial communication opens the doors of a community to all.

one of the hallmarks of American society that the public is most well-off when all members of the society are made to feel welcome. The business sign epitomizes equal access in two ways: first, the on-premise sign gives every American who wants to enter the marketplace a chance to compete; and second, the on-premise sign equally welcomes all who see it to come in and participate in the commercial activity available at the business.

To the weary traveler looking for gasoline, dinner, and a motel, there can be no more welcoming sight than freeway-oriented signs directing him or her to the needed local businesses. To the newcomer in the neighborhood, the easily-spotted grocer, hair stylist, and bank will make him or her instantly feel at home. To the long-time resident, the unique older sign downtown reinforces that comfort of home every time he or she sees it. Signs say "Welcome!" to all members of the community.

Few things are more exclusionary than a community that limits access by restricting commercial communication so that only the locals can find a business. Sign limitation is a tool used by exclusive communities, such as Carmel, California, to control who can conduct business in the community. On the other hand, in places such as Las Vegas or Times Square, signs are used to throw open the

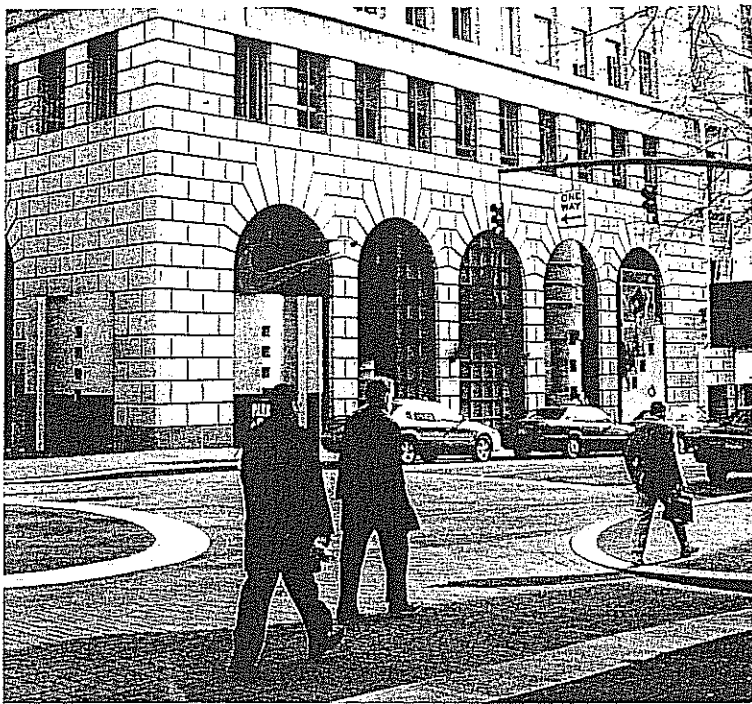
doors of the community and welcome people in. Signs are a key entertainment element in these communities.

Most cities are somewhere in between, but almost all seek to welcome commercial activity in designated zones. Thus cities must exercise caution to ensure that commercial signage in commercial zones is not overly-restricted by sign regulations that are working at cross-purposes with other city goals.

Making the Most of Zones

When a city has zoned a particular area for retail use, it benefits most when retail use of that area is maximized. When business volume increases, so does the efficiency of existing retail space. This translates into reduced pressure for urban sprawl.

Wise planning recognizes the need to make the most of each zone. Business vitality is the best way to maximize the use of your commercial zone, and effective signage is an important tool for accomplishing that goal. Signs can turn a site that is not productive into one that is well-used and valuable, that generates higher sales and pays more in taxes. Effective use of sign centric design, as well as design coordination of all sign types, both



A vibrant downtown commercial district can help prevent the exodus to the suburbs that drains away resources from the city and strains the infrastructure of unincorporated areas and bedroom communities.

ground- and building-mounted, to unify the site and create an attractive storefront, can make a "throw-away" site very productive.

Each business site has particular communication needs if it is to function at its full capacity. The selection of specific sub-types of signs, such as pylon, projecting, awning, etc. is location dependent and must occur based on a professional evaluation to assure optimal communication. Restrictions on particular sign sub-types, such as prohibitions against projecting or roof signs, only results in denying some businesses the ability to communicate effectively, which restrains their business activity.

Strip commercial zoning creates numerous site difficulties. Some sites have good visibility, while others have poor visibility. Those with poor visibility typically command much lower rents – often a third less than similar sites with good visibility. The sign allows less visible sites the opportunity to become functionally visible, and if properly utilized, can allow increases in rent to be charged. Increased rental revenue increases the value of the property itself, and thus can enhance property tax revenues coming in to the city.

For freeway-oriented sites or districts, a tall sign can be especially beneficial for the city. The sign can attract impulse customers who would otherwise have bypassed the site and done business elsewhere.



Keeping Urban Sprawl and Urban Deterioration at Bay

Cities that utilize the benefits of signage not only enhance existing commercial property values, but attract new businesses to existing commercial areas. When existing merchants are financially healthy, the pressure to expand the commercial district or leapfrog development to meet growing needs decreases.

Furthermore, failing businesses struggle to keep up with even basic maintenance. When one storefront begins to deteriorate, the whole business district can suffer a loss of customers, leading to urban decay. In many cases, however, strong signage can help businesses stay successful and avoid this outcome.

Businesses that are allowed to maximize the use of the retail zones in which they are located through use of effective signage are more profitable and more able to afford maintenance of their buildings and renovation of older buildings. This activity brings vitality to the commercial district, and stimulates urban renewal without large investments of public money. A vibrant downtown commercial district that offers jobs, entertainment, and retailing activity can also help prevent a middle-class exodus to the suburbs, which further drains a city and its commercial districts of needed funding.

Not only are plain or dilapidated building exteriors aesthetically displeasing to look at, they also fail to inspire customers to stop and shop. But businesses will not invest in a renovation if the new storefront will be sign-starved and unable to attract the volume of customers needed to cover renovation costs and boost the business's profits.

If businesses are allowed adequate signage to be commercially attractive, the renovation of older buildings can result, which will pay off for the business, the business district, and the city.

Maintaining a "Sense of Place"

Allowing local independent merchants to have adequate signage to stay financially healthy enables them to compete effectively with regional and national business chains and franchises.

When signage limitations throw that relationship out of balance, however, a city can quickly be dominated by those businesses that have the ability to tap into national advertising and corporate identification programs. This has led many planners to decry the "sameness" of America, wherein one town looks exactly like every other town.

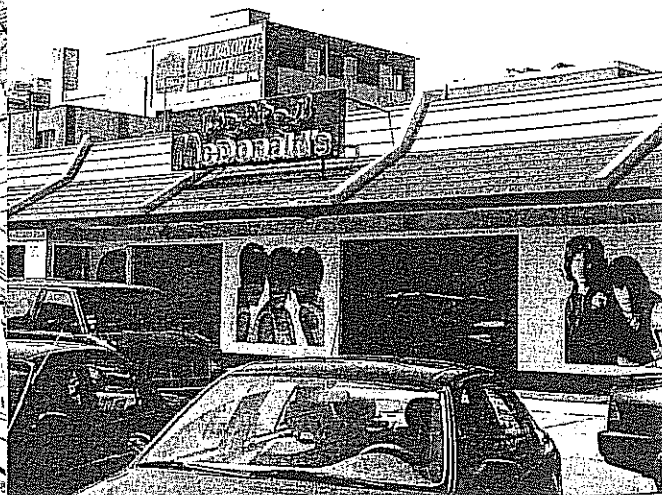
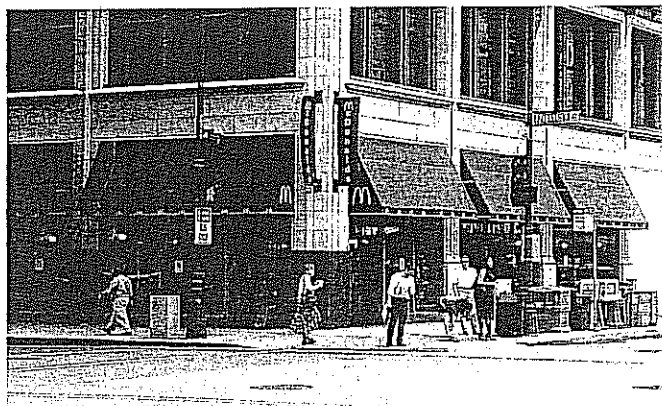
Signs can be very effective at helping to create a distinctive identity for a community. These three McDonalds restaurants, all located within a few blocks of each other in Chicago, provide an excellent example of this effect. The McDonalds below is located in the theater district, where a number of old theaters are located. Its signage adds to the flavor of that part of downtown Chicago. The restaurant to the right is much more subdued in its appearance. It is located in Chicago's banking district, a much more architecturally austere part of town. Below right is the "Rock 'n Roll" McDonalds, located across the street from the flamboyant tourist-oriented Hard Rock Cafe. Throughout Chicago's many neighborhoods, McDonalds restaurants have adapted their signage to get into the spirit of the neighborhood and help create a unique "sense of place."

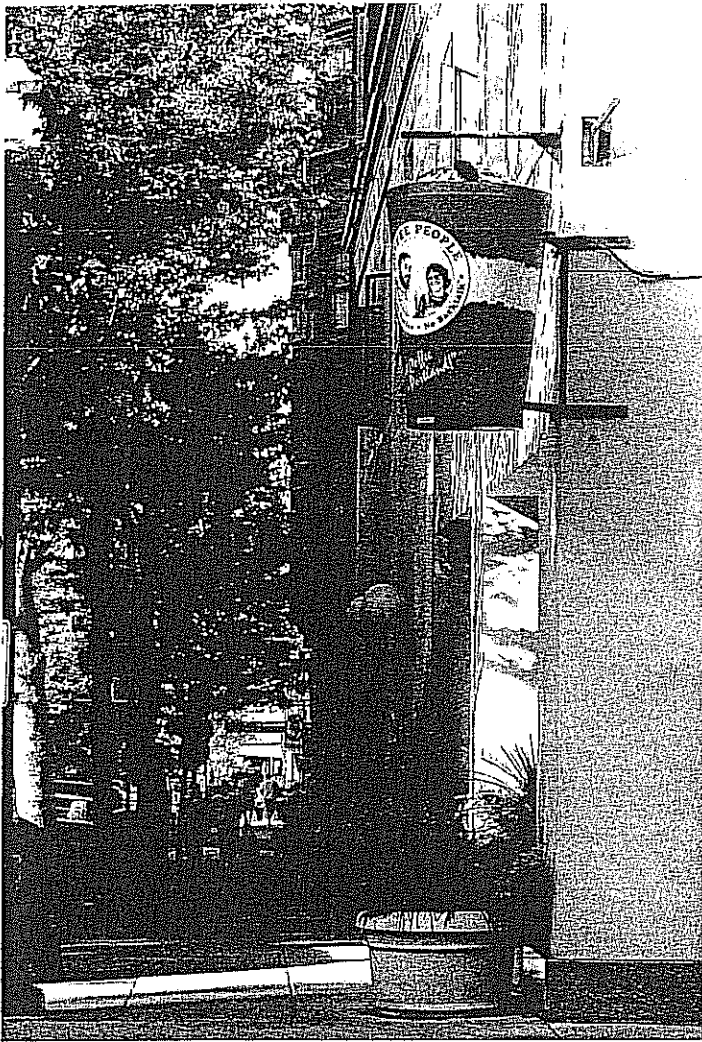
But more and more communities are learning to use signage as a tool to create a unique "sense of place" even where chains and franchises have become dominant. By encouraging businesses of all kinds to voluntarily incorporate local themes into the supporting structures of their signs and buildings without regulating logos or the commercial message itself, planners are beginning to form partnerships with the businesses community to benefit the city as a whole.

Unique signs also play an important role in helping create a "sense of place." Many beautiful old signs have gained historic designations because they are so integral to the identity of the city. Cities that value free expression are beginning to see the value of creative signage that stretches outside the box frame of the typical sign.

Modern technology has provided signage artisans with a seemingly limitless palette of colors, lighting, electronics, and materials with which to communicate a business's invitation to participate in the marketplace. Eventually, many of these creations take on the character of public art, winning a place in the hearts of local residents.

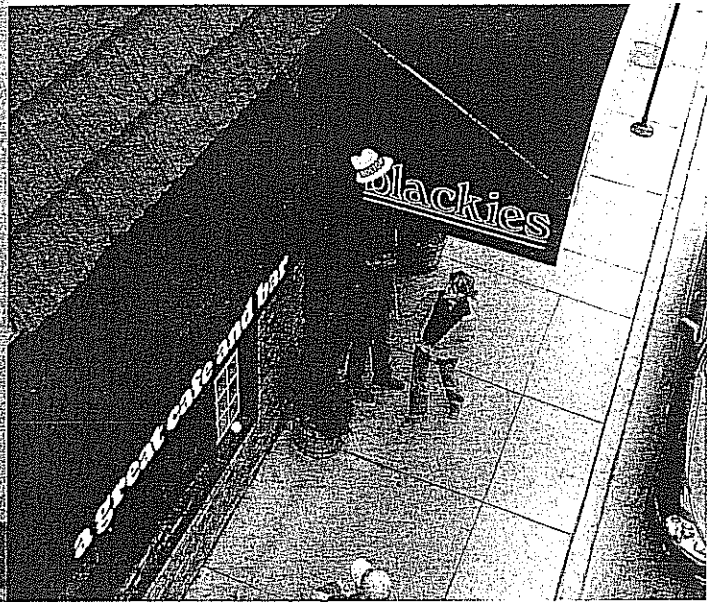
We must be careful that our sign codes of today do not make tomorrow's "Americana" impossible to create.





Street Smart Planning

Signs play an important role in helping a city grow intelligently. When a city begins to take advantage of signs as another instrument in the planning toolbox, it will find it enjoys significant increases in business in its commercial districts - and corresponding tax revenue increases. Moreover, zones will become more efficient, the community will draw closer together, the commercial districts will become more attractive and lively, and the city will project an image that welcomes all.



Several legal issues are discussed throughout ISA's Signline series. Signline is offered for educational and informational purposes only and not to be construed as giving legal advice to any user. Competent legal advice/advisors should be sought after and obtained by the user.

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